

# EUROPE CANNOT REPAYOUR DEBT IF GERMANY BALKS

## France in Particular Will Be Bankrupt Unless Adequate Reparations Are Collected Either Peacefully or by Force

By FRANK H. SIMONDS.

THE arrival of May 1—for Europe always a date of anxiety—brings in more than usual apprehensions this year, for it is the day fixed in the Treaty of Versailles for the completion of the first series of payments by Germany and the adoption of the further programme which should provide for the liquidation of Germany's debt to her war victims. The recent German appeal to President Harding to act as an umpire and his prompt refusal to act in that capacity serve to bring home to the United States the gravity of the situation.

About the whole subject of reparations there has waged, since the armistice, a battle between the Germans seeking to evade all payment and their French creditors seeking restoration for their ruins. In addition, a hardly less sharp debate has persisted in allied quarters over the sum considered reasonable and possible for Germany to pay. At this decisive moment, then, perhaps it is worth while briefly to review the questions at issue.

We have, first of all, to note the difference between the world war and the conflicts of the past. Given the immensity of the struggle, its length and the corresponding vastness of the destruction, peace, when it did come, revealed instantly the staggering fact that there could be no adequate reparation made by the aggressor; that, to put the thing bluntly, the German had wrought havoc far in excess of his capacity to restore. Whatever happened on the economic side, all the European participants in the struggle were bound to be losers, irrespective of the battlefield decision.

### Franco-Prussian War Indemnity

#### Twice the Cost to Germans

By contrast, when, after the relatively brief period of fighting in the Franco-Prussian war, Bismarck not only annexed Alsace-Lorraine, but laid upon France a tribute of five billions of francs, upward of \$1,000,000,000, he obtained for Germany a sum at least twice as large as that actually expended by the victors in the war, who had no devastated areas to restore, since the war had been fought on French soil and such destruction as had been incident to the struggle had been at the expense of the conquered. This \$1,000,000,000 which France had to pay could be paid and was paid in two years, and until the debt was discharged German armies remained in occupation of the eastern departments of France.

But in 1919, as contrasted with 1871, it was patent from the beginning in the Paris conference that it was beyond the power of Germany to undo all the injury in material things which she had done, and that for her to make such partial payments are in inevitable would take many years, at least a generation, as compared with the two years within which France paid up. Two facts, then, altogether too little appreciated in the United States, explain the present problem: First, the inability of Germany to pay all she should pay as an aggressor, morally and legally bound to make good the harm done.

Second, the inevitable prolongation of the partial payment over at least a generation. Frequently in talking with Americans about the whole subject I find impatient protest against the idea that the war should be prolonged after peace, and repeated declarations are made that holding a whole people to ransom or subjecting them to economic slavery is a vicious thing in itself and a positive menace to world peace.

### Economic Misery to Be Offset

#### By Economic Slavery for Years

Yet in what other way can France, Belgium and Italy receive even a fraction of that which justice would assign to them? If the economic servitude of the German people must last for a generation, will not the economic misery of the peoples which were the victims of the German attack last equally as long?

Now, taking up the question of reparations figures, the situation is this: At the Paris conference it was agreed, and the agreement is written into the Treaty of Versailles, that Germany should pay in kind or in gold up to \$5,000,000,000 before May 1, 1921; that she should, in addition, issue \$1,000,000,000 bonds to cover Belgian obligations, and thereafter two further sets of bonds of \$10,000,000,000 each. Thus the actual sum fixed amounted to \$26,000,000,000. But, in addition, it was left to the Allies to demand additional bond issues as they might decide.

In point of fact, while nominally deciding upon a figure of \$26,000,000,000 as the sum total of reparations, subject to later additions, the Treaty of Versailles actually transferred the whole question of the fixation of the sum to the reparations commission, leaving it free to decide on a sum larger or smaller than the \$26,000,000,000 and to determine all of the modalities of payment. The only thing that was fixed definitely was the sum of the first payment, that is, \$5,000,000,000 in gold or kind before May 1, 1921.

### Amount Scaled by the Allies

#### And Fixed at \$21,000,000,000 Now

As the discussion proceeded after the Paris conference had adjourned the Supreme Council took the task of fixing the reparations out of the hands of the commission, and after many tentative proposals, actually served on the Germans in London last month a bill which called for a total payment of \$21,000,000,000. These figures should be clearly understood because the whole discussion has been confused by many other details. Actually the Allies said to the Germans at London, "We estimate that you can pay us only a part of what you ought to pay, but that part we fix as having a present value of \$21,000,000,000."

Of course, it was perfectly well understood that Germany could not immediately pay \$21,000,000,000 either in gold or in goods, that she could pay no large fraction of it on demand. What she would have to do was to pay on the installment plan. But paying on the installment plan she would have to take care of both the principal and the interest,

that is, she would have to take care of the annual interest on the capital sum, while paying something each year to amortize the principal.

It was decided by the Allies, then, that Germany should be compelled to pay her debt in forty-two years, an installment each year; that she should meantime pay 5 per cent. on the capital. Thus her total payment over forty-two years would be \$56,000,000,000 and her average yearly payment \$1,333,333,333.33. This is the sum which Germany refused to pay at London, thus precipitating the crisis which now continues and must lead to grave consequences in the next few days.

But Germany not only refused in March to comply with the allied demands and undertake to meet the payments fixed, but she had also failed, and has continued to fail, to meet the one fixed requirement of the Treaty of Versailles, namely, that she pay in gold and in kind at least \$5,000,000,000 by May 1. On this payment she stands in default, and this default opens the way technically for allied action such as has long been threatened.

### Dispute the Amount Paid,

#### Even Germans Admitting Error

To be sure, Germany claims that such surrenders as she has made of arms, of colonies and of other things have amounted in value to the \$5,000,000,000, but this assertion is denied by the Reparations Commission. The commission estimates at less than \$3,000,000,000 the German payments on this account, and even the Germans have been obliged to scale down their extravagant claims.

Thus the whole discussion at the juncture which we have now reached turns upon the single question of the German capacity to pay. The Germans at London not only declared that they could not pay \$21,000,000,000 but made proposals which were accurately described as "ridiculous" by Lloyd George and by all allied statesmen. Indeed, the German figures were so small as to suggest a deliberate intent to flout the Allies, and as a consequence the frank British policy of moderation, the manifest British wish to curb any extravagant French claims, was paralyzed, and France for once saw the British Prime Minister compelled to follow the French in accepting military measures against Germany.

From the day of the armistice to the present moment the discussion on reparations has raged. At Paris the most conflicting figures were presented to measure German capacity: one Englishman suggested \$120,000,000,000, another \$10,000,000,000. Our own American experts ranged from \$25,000,000,000, which is approximately the London figure, down to \$12,500,000,000, which more or less coincides with the maximum German offer.

### Germany's Capacity to Pay

#### Not the Only Point at Issue

When you have considered all the mass of testimony of the experts, German and allied alike, you are bound to conclude, first, that the whole subject is a matter of speculation, and, second, that some of the most serious problems involved concern not German capacity to pay but allied capacity to absorb payments not made in money but necessarily in goods. Even if the whole question were submitted to arbitration, granted that a neutral tribunal could be found—and the whole world is interested in the matter, peculiarly interested—the decision would be largely a guess, for there is no possible method of proving in advance what German capacity to pay is or what allied capacity to receive payment may be.

As to the sum at present fixed, all that one can say is that many experts, including some American, believe that Germany can pay \$56,000,000,000 in forty-two years, which, as I have emphasized above, represents a present or capital value of \$21,000,000,000. At least their evidence is as good as that presented by the champions of the Germans and by the Germans themselves, nor is it less trustworthy than the judgment of experts who are less completely influenced by any nationalistic sentiment or sympathy.

But unhappily the financial is only one aspect of the reparations discussion. The political is even more troublesome. We have first to consider the frank which they can the Germans to pay nothing which they can get out of paying—a wholly understandable purpose, but one which leads to evil consequences because the French are fiscally ruined unless the Germans pay all of the \$21,000,000,000, of which the French share will be about \$11,000,000,000.

### War Is Only Disguised Now

#### By a Mere Fiction of Peace

You may state the case quite accurately when you say that France is ruined if Germany does not pay and pay in full. But if Germany does pay and pay in full, then for at least a generation she will be in economic servitude, men and women unborn when Germany attacked France in August, 1914, will have to see the fruits of their labors turned over to another nation.

At London Germany said flatly and defiantly, "I won't!" To which France replied, for the moment with allied approval, "You will and you must!" And allied armies were set in motion and a portion of the Ruhr region occupied.

We are, then, face to face with the conditions of war disguised by a polite fiction of peace. France, with her economic future and her present financial solvency at stake, demands German payment in full, up to the sum agreed upon by all the Allies in a recent Paris conference and notified to the Germans at the London gathering. France possesses a powerful army and all the necessary machinery for coercion. If Germany remains defiant, then France can occupy all of the great Ruhr industrial region, containing more than half of the coal of Germany, and operate the vast manufacturing plants to her own profit as well as employ the coal mines to feed her own industry and as a base of political and economic power in Europe.

Germany refuses to meet the allied terms, but seeks at the same time to avoid French occupation. She faces two possibilities which in her mind spell the same sort of ruin. To submit to allied figures means forty-two years of hard labor. To refuse to submit means an occupation of the richest

industrial district, the prostration of her own industrial life and the possible economic and political disintegration of the empire.

In this dilemma she has come to the United States after appealing to the British in the vain hope that we will intervene and save her both from the necessity to pay and the danger of French occupation.

But up to the present moment the whole problem of German reparations has had only one of two solutions: either the ruin of France or what seems to Germans the almost certain ruin of Germany. Not to be paid, for France, means national collapse. To pay means for Germany putting her economic future in pawn. The world has been asked, is now asked again, to decide between France and Germany. To interpose on behalf of Germany means to seal the fate of France, for, as I have pointed out, unless France gets the maximum sum now fixed as German obligation she is financially ruined.

### To Placate Germany Is No Part Of the French Programme

Of course, if Germany had ever given the slightest evidence of an intention to pay anything, except under duress, the situation might be different. But German tactics now are exactly what they were in the submarine days; the Germans were prepared to promise anything, to use any and every appeal to neutral prejudice, but they were not ready ever to abandon the use of the submarine, and they are not now ready to pay, to pay anything except under pressure. The best proof of their spirit is their steady refusal to abide by those portions of the Treaty of Versailles which direct German disarmament. Here, too, they have consistently evaded, deceived, defied.

As for the French, they have come to the end of their patience. Financial collapse is within sight as a consequence of the vast sums France has already expended to restore her ruins in advance of any German payments. The French have made up their minds that the Germans will never pay except under the immediate and constant pressure of force. They have decided to be made the dupes of German tactics any longer. Their temper is that of the United States after the final German submarine blockade of February, 1917.

What is even more serious is the fact that the French have reached a pitch of desperation which precludes the possibility of effective intervention by any country. France believes that the rest of the world is not ready to make any sacrifice for French safety or solvency. If Great Britain and the United States continue to give a measure of apparent sympathy to France, each is really anxious, in the interests of its own economic affairs, to restore peace in Central Europe and to obtain this end by such reductions in the sum total of reparations as may placate Germany.

### Amended German Proposals Would About Cancel Allied Loans to U. S.

From the French point of view, British and even American policy seems, upon trial, to aim at restoring economic peace in the world at the expense of France, who has most to lose by the reduction of German reparations. Both we and the British signed a treaty at Versailles promising to come to the aid of France in case of German attack in the future, but since we have failed to ratify the treaty is dead. France has nothing left strong but her own strong right arm, and it is Frenchmen agree that now is the time to act.

The German suggestion that the United States arbitrate and the subliminal suggestion in Mr. Hughes's reply that America was ready under certain circumstances to mediate left the French, if not cold, far from impressed. If the United States should mediate, should decide that Germany could only pay \$15,000,000,000 instead of \$21,000,000,000, would the United States, having reduced the sum, agree to help to collect the reduced total? This was the first French inquiry, to which the obvious answer was that the United States would not.

But there is a second inquiry, bound to be made before long, if the possibility of American mediation recurs. Europe owes America some \$11,000,000,000 2½ per cent. loans, which will amount to \$12,000,000,000 before any payment begins. The United States has indicated that it will not cancel these allied loans. But the chief source, the basic security for the loans is the German reparations account. Suppose we should, as mediators, fix the sum of reparations which Germany could pay at \$15,000,000,000, from which would be deducted what Germany has already paid, namely \$3,000,000,000 in round sum—and this fifteen billions was the favorite figure of our experts at Paris—would not all Europe at once conclude that we were only interested in seeing that Germany paid our creditors just enough to enable them to discharge their obligations to us?

And if the United States insisted that Germany should be treated gently and generously, that her capacity for payment should be gravely considered, could the United States consistently display toward her recent allies of the war a more exacting spirit than she permitted them to show toward Germany, recently the common enemy? Not enough attention has been paid in this country to the circumstance of our own loans to Europe. The larger the reduction in the sum total of German reparations, provided the final figure does not fall below the sum of our loans, the better becomes our security for our loans. Thus in reality we are not a disinterested but the most interested party in the whole German reparations discussion, because we have a larger sum at stake than any one else.

### America Really Is Most Interested Party in Reparation Talk

The difficulty with any possible compromise lies in the self-evident fact that any sum which is within the limits of even remote probability, say even the fifteen billions of the conservative American experts, is so great that Germany will not undertake to pay it, save under pressure, and is bound to seek at every future opportunity to avoid paying. Even if the sum were fixed at \$15,000,000,000 it would be a matter of a quarter of a century before it could possibly be paid in full, and throughout that whole period you would have the same German evasion attempted and the same need of coercive methods on the part of the French.

Under the Treaty of Versailles allied troops were to occupy German territory for fifteen years, progressively evacuating districts, provided Germany observed the treaty provisions. But Germany has already violated the treaty provisions, and the French have indicated their determination, as a consequence, to extend the period of occupation over the time during which the payments must be made. In a word, we are going to have German territory occupied

by French troops for the length of time payment of the account takes, and this will certainly be a quarter of a century.

But if Germany continues to seek evasion, you are going to have an ever increasing extension of the area of occupation, which is now to be expanded to include the Ruhr. Thus you are certain to have a condition of all but technical war lasting for at least a quarter of a century and probably for a full generation. Under the Treaty of Versailles France is within her rights in insisting on this occupation; but under her own conception of national interest Germany refuses to comply with the treaty terms, which must be complied with if there is to be any evacuation.

Even if the sum of reparation should now be reduced France would still retain her armies of occupation, her sole method of insuring payment, and any attempt of Germany to evade, and such attempts are inevitable, any disagreements over details would lead to new crises exactly like those which have disturbed Europe and the world for the past two years and led to two excursions beyond the Rhine, while a third, even more extensive, is now preparing.

### New International Conference Could Accomplish Only Delay

Talk of mediation leads to no solution, because there is no corresponding agreement to enforce the terms which emerge from such a mediation. Neither Great Britain nor the United States is interested in assisting France in enforcing any terms by supplying troops to assist the French in the occupied area. Both the United States and Great Britain are vitally interested in

## Urgent Need of the Moment Is a United Front by the Allies in Enforcing the Versailles Treaty

closing up the German dispute and in restoring the German market for their own trade. But both the United States and Great Britain hold France to pay very large war loans and they cannot successfully undertake to persuade France to reduce her bill against Germany while insisting that she pay them every centime which she has borrowed from them.

In the last analysis, France is not going to make concessions which will materially reduce her own reparations claims while the sole or the major benefit will fall to the British and American nations and the whole burden will fall upon her own treasury. But if France sets out to collect her bill by employing her armies, as she can, the process will work very great hardship both to the United States and to Great Britain. If the whole question were sent to another international conference no useful result would be attained unless the United States and Great Britain were prepared to forego some of their claims against France to balance French reductions of claims against Germany. Nor would anything be accomplished that way in restoring order permanently and avoiding new crises, unless the British and the American governments agreed to assist France in making Germany pay the reduced sum.

Meantime France, feeling herself alone and knowing that she has now the power to seize the most valuable German industrial districts and pay herself out of them, can no longer be held back by British and American opinion, this is a fact which derives additional strength from the German policy, which aims at isolating France and using British and American selfish interests to advance German ends.

It may be that some way of delaying French action may still be found, although as I write there seems small chance of it. But delay can count for but little so long as the basic conditions remain unchanged. The fact is that in waging war Germany did France injuries which can only be paid for in part through long years, that Germany can only be made to pay at all by the exercise of force by France and that the exercise of force means the prolongation of war and the postponement of economic stability all over Europe indefinitely. But any failure to exercise force means for France economic and fiscal ruin now and political destruction a few years hence, when Germany by virtue of escaping reparations payments recovers strength far more rapidly than the neighbor she has ruthlessly crippled.

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# Women Crooks Thriving on Riviera

## Amateurs of High Social Standing Baffle Police in Record Season of Robberies

By STERLING HEILIG.

Special Correspondence to THE NEW YORK HERALD.

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MONTE CARLO, April 15.

IN the vast tide of travel to and from the Mediterranean resorts the following "don'ts" are widely published, warning visitors, who have been carrying more valuables this season than was ever known or dreamed of before:

"Don't go away from your railway car section leaving valuables in a bag.

"Don't carry your pocketbook containing money or papers of value in your breast pocket.

"Don't carry railway tickets with your money so that any one can see where you keep the latter when tickets are called for.

"Don't forget that notwithstanding all the efforts of the French railway companies and police first class Riviera trains are used on occasion by well dressed members of a clever international gang of thieves."

In every great hotel along the Silver Shore there is a new sign inside the room, by every bedroom door:

"Notice! Security! Bolt your door at night!"

Yet the losses have continued, especially in hotels, villas, balls and casinos. The sensational jewel robberies of the season exceeded a total value of 25,000,000 francs!

Put a pin in the figure. In Paris the year 1920 has been called "a year of robberies." The figures are just out. Counting thefts of money, jewels, stocks, bonds, &c., the year's losses amounted to 24,000,000 francs. Of 25,027 people arrested 4,033 were foreigners.

You see. In this Riviera season of three months, when arrests have been few, convictions nil and practically nothing recovered, a greater total has been lifted than all the professional criminals got out of Paris in a year!

### Detectors See Feminine Hands

#### In Most of the Robberies

By whom? Who did it? Why, young lady amateurs for the most part and other undetected beginners!

Such is the astonishing conclusion to which the best police in the world have come. Had professionals alone been guilty they would know it. Professionals leave a trace, especially in these days of passports and team work between the police of cities. Here there is nothing to take hold of. It is scattered work of unknown parties, undistinguishable from their victims. It is not the heavy touch of men but the elegant hand of the born lady!

How should not women turn crook in the temptations of these gambling cities? Look at the white hands against the green cloth of the roulette and baccarat tables! Eliminate the bodies at the elbow. Picture the coffin shaped table surrounded by a hundred beautiful, clutching hands!

Read the local papers. I quote only from the last two weeks.

From the *Eclair* de Nice:

"An American woman lost 12,000 francs at Monte Carlo. She managed to get as far as Lyons, where she arrived without money to continue her railway travel or for a hotel or food. She was unsuccessful in trying to cash a check, but managed to induce the American Consul at Lyons to endorse it. Later, the check proving to be bad, he felt obliged to make a complaint against her."

Observe the succession. From boule, at whose popular stakes you can lose, at most, only a few hundred dollars at a sitting, they promote themselves to baccarat, where you can win tens of thousands. The third step is to make up for losses when no cash remains to stake you. A case that has made immense sensation is thus told by the Paris Edition of THE NEW YORK HERALD:

"According to an agency telegram from Cannes, Mrs. —, wife of the well known tennis player, has been arrested and charged with stealing a pocketbook which is said to have contained 5,000 francs."

"For several months past, it is alleged, thefts of pocketbooks have taken place on the course at Cannes. The police found it difficult to carry out their investigations, owing to the fact that most of the people concerned were prominent British society folk. Eventually, however, a trap was

The Lady in Black, Monte Carlo's idea of a girl crook.



## Losses at Gaming Tables Drive Many Girls to Theft and Cheating at Bridge

you are asleep. But the rat is not improvised. The rat is a professional. She travels with a he-rat to 'open any door that exists' and assist in her get-away. We know most of the high class rats. It is a difficult profession. Where are they? Even the 'schneid pistol' shooting a combination of three German gases, was found on a non-professional—a Dutch gentleman travelling with an authentic lady—and, apart from its possession we have been unable to lay anything to them!"

So the answer dawned on him slowly.

"It isn't rats," he says, "it's mice! Once again, as in the field of sport, the amateurs have beaten the professionals to it! They are amateur young lady crooks. They don't need to picklock doors in rubber suits. They are acquainted with their victims. They do rats' work in full daylight!"

### Girls Are Quick to Learn

#### Crooked Ways to Win at Cards

How do they get the nerve? How do they slip down to it morally? How do they find an honest "fence" to buy the jewels they sneak?

It begins with bridge rather than with baccarat. If you could see them play bridge in the big hotels you would understand how the most diverse are drawn together. The rich, lonely and silly meet the broke, lively and skilful. When it comes to skill it is not impossible for a bright girl to become more or less able to recognize "squeezed" high cards by the small lump in dealing them. Of course, it begins with signalling. Young ladies learn rapidly—when they take flutters at roulette, boules and baccarat and need a surer way to win a stake or pay a hotel bill!

The teachers are men. Not regularly young men but fine old fellows with white mustaches, ex-army officers with wooden legs or tired faced, melancholy chaps who look like business men recuperating their health.

The girls learn, anyhow, to "smear the pack." It is a rough-and-ready trick, sufficient for the foolish rich ladies and the honest men of their families who are its predestined victims. If you take a card from a new pack, moisten your finger and draw it across the polished back the mark will remain, even if the cards are played with continuously for a week. It is imperceptible in most lights, particularly after the pack has been handled once or twice—except to the eye which is looking for it.

These things are known, says Durot, but it is another thing to prove them. What is there to go on? How shall they accuse a lady living in a palace hotel? Her money comes in checks from Paris and London. Is she all the time making acquaintances with women possessing jewels? So do all the other women in the palace hotels. They are the lonely rich. They cling to a smart young woman, who is amusing. When the police suspect, they dare not act. They know that they will find nothing.

The advised Mouse wears gloves. Even the lone lady knows that she had better not leave finger prints. Only poor servants—valets and chambermaids—go leaving their Bertillon autographs all over the furniture, to confuse any such evidence, if any.

Dr. Locard, head of the French police school at Lyons, has made a discovery, the most important since Bertillon established crime detection by fingerprints. Not only can a person be traced by the prints of his fingers, but, just as well, by similar prints made by any part of his or her body. Any of the pores of the skin leave unmistakable distinguishing marks; and Dr. Locard calls the new science "poroscopy."

A crook in Paris, for example, in opening the drawer of a jewel safe rested his left elbow on a marble table. Of six suspects, all well known professionals, the man whose elbow pores corresponded to those left on the marble table was convicted!

Here, one would say, is a chance to get the Mice. Yes, truly, you can take pore prints on glass topped dressing tables, marble topped chiffoniers, against white enameled woodwork, varnished furniture, or even wall paper—wherever Mouse may have leaned, for an instant, listening, aff excited, before pouncing on the emerald ring and pearl drops.

But—wait! Why should it be Mouse? Might not any of ten other women guests have left those pore prints?

You'll say, no, not if they correspond with Mouse's dimpled elbow!

Ah, not if—, of course, of course! "I know what a hotel rat is," says Durot. "She is a lady in a slippery black rubber suit, skin tight, who operates at night and makes no noise. She can get into your room and take your money and jewels while